

DEPARTMENT OF ECONOMIC DEVELOPMENT

FINANCIAL SUMMARY

| | FY 2002 EXPENDITURE | FY 2003 APPROPRIATION | FY 2004 REQUEST | GOVERNOR RECOMMENDS FY 2004 |
|--|------------------------|--------------------------|--------------------|-----------------------------------|
| Business Division | \$ 23,781,421 | \$ 37,664,397 | \$ 39,764,397 | \$ 39,236,413 |
| Community Development | 47,797,434 | 46,218,277 | 47,673,513 | 43,680,819 |
| Workforce Development | 79,239,429 | 101,731,814 | 102,731,814 | 124,717,640 |
| Division of Tourism | 16,090,553 | 15,203,668 | 15,203,668 | 15,203,668 |
| Affordable Housing | 4,360,159 | 5,025,806 | 4,984,742 | 4,998,818 |
| Financial Institution Safety and Soundness | 5,564,145 | 5,970,099 | 5,962,776 | 5,981,043 |
| Motor Carrier and Railroad Safety | 3,161,401 | 3,958,647 | 0 | 0 |
| Utility Regulation | 16,380,425 | 19,098,979 | 19,098,979 | 19,125,171 |
| Professional Registration | 11,414,936 | 14,278,736 | 14,565,300 | 14,655,881 |
| Administrative Services | 7,882,898 | 11,090,161 | 11,620,941 | 11,742,720 |
| DEPARTMENTAL TOTAL | \$ 215,672,801 | \$ 260,240,584 | \$ 261,606,130 | \$ 279,342,173 |
| General Revenue Fund | 41,533,514 | 44,000,629 | 48,085,065 | 45,327,928 |
| Federal Funds | 121,262,370 | 143,580,975 | 143,769,190 | 163,541,348 |
| Other Funds | 52,876,917 | 72,658,980 | 69,751,875 | 70,472,897 |
| Full-time equivalent employees | 1,415.37 | 1,614.73 | 1,542.73 | 1,534.48 |

POLICY SUMMARY

Governor Holden's Fiscal Year 2004 budget for the Department of Economic Development continues efforts to help ensure Missouri's economic success. The department works to enhance Missouri's businesses, strengthen Missouri's workforce, and improve Missouri's urban and rural communities.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant challenge the state has faced since the Depression. The Fiscal Year 2004 budget includes substantial core reductions. However, the budget also recognizes that the state cannot cut its way out of the current fiscal problems without severely reducing essential services provided to Missourians. General revenue budget increases have been limited to mandatory programs. Governor Holden's priorities are protecting the state's investment in education and ensuring that our most vulnerable citizens – children, the elderly, and disabled – are shielded to the greatest extent possible from budget reductions.

Business Productivity and Sustained Economic Growth

Missouri experienced challenges in 2002 as the longest economic expansion in U.S. history came to an end. Despite rising unemployment rates and the loss of jobs all around the state, Missouri maintained a high national ranking on the cost of living index, and personal income in the state rose in line with national averages. Further, in 2002, Missouri ranked above the regional and national average in the Purchasing Managers Index which economists consider a key indicator for future expansionary economies.

The department administers 33 tax credit programs. Several of these tax credit programs focus on business recruitment. In Fiscal Year 2002, \$26 million worth of these business recruitment tax incentives resulted in \$1.5 billion dollars of investment in Missouri. Investments of \$22 million in these incentives in Fiscal Year 2002 resulted in \$115 million in new private investments. Still, some tax credits have not produced the desired returns on investment. Therefore, the department has worked with the Ad Hoc Task Force on Tax Credits to develop revisions that will eliminate some tax credits and refocus others. Tax credits must meet the needs of the state's changing economy and stimulate economic growth and recovery. A percentage of the savings from the revision of these tax credits will be reinvested in the following areas:

- Increase and enhance the work of the Missouri Technology Corporation, to create a statewide, public/private effort to promote the growth and use of new technologies by Missouri businesses.
- Create and fund a Research Alliance of Missouri that can identify promising new technologies and research expertise and connect researchers with technical and capital resources.
- Revise and expand the mission of Innovation Centers to help create new Missouri companies and jobs.
- Create a more effective mechanism to identify selling and purchasing opportunities for Missouri businesses.

DEPARTMENT OF ECONOMIC DEVELOPMENT

POLICY SUMMARY (Continued)

Some performance measures the Department of Economic Development uses to evaluate Missouri's economic prosperity follow:

| | 2000 | 2001 | 2002 |
|--|-----------|-----------|-----------|
| Total Number of Missourians employed | 2,828,380 | 2,852,100 | 2,808,462 |
| Sales of Missouri businesses through DED programs (billions) | \$1.515 | \$1.885 | \$1.886 |
| Cost savings of Missouri firms through DED programs (millions) | \$19.99 | \$25.46 | \$48.2 |
| Direct tourist expenditures in Missouri (billions) | \$5.7 | \$5.5 | \$5.5 |

Education and Workforce Development

Strengthening Missouri's workforce requires the state to provide well-trained workers that attract businesses and high-paying jobs to the state. Despite previous progress toward creating a one-stop agency for workforce services, major programs are still located in two different departments. The Department of Social Services is responsible for providing Temporary Assistance to Needy Families (TANF) recipients with resources for direct client services, job readiness, educational activities, and community work experience programs. The Department of Economic Development works on a daily basis with Missouri employers, employees, and potential businesses through the Missouri WORKS! Program, Workforce Investment areas, and Missouri Career Centers. The Governor recommends transferring the Department of Social Services' functions to the Department of Economic Development to fully integrate Missouri's workforce development system and resources for workforce support services such as transportation and training in one stop. This "no wrong door" approach will consolidate job creation and placement in Missouri and create a single point of contact for businesses on workforce issues.

The Governor's proposed restructuring will save \$1.1 million and result in a reduction of 153.67 staff positions. To ensure Missourians needing employment receive the most comprehensive services and eliminate duplication of existing efforts, the Governor recommends:

- Transferring \$22 million from the Department of Social Services to the Department of Economic Development, Division of Workforce Development.
- Co-locating the Family Support Division income maintenance staff in Missouri Career Centers to provide one-stop access to necessary services that assist unemployed Missourians get a job.
- Transferring the Division of Child Support Enforcement's Parent's Fair Share Program to the Division of Workforce Development, ensuring that Missouri's non-custodial, unemployed parents have access to comprehensive employment services and can support their children.
- Establishing common intake, support services authorization, and Internet-based case management data sharing among departments that serve TANF clients.
- Transferring the Missouri Occupational and Information Coordinating Council from the Department of Elementary and Secondary Education to the Department of Economic Development, creating a single state source for Missouri Labor Market Information.

Some performance measures the Department of Economic Development uses to evaluate Missouri's labor force follow:

| | 2000 | 2001 | 2002 |
|--|--------|--------|---------|
| Number of Missourians using DED services to bring them above the poverty level | 17,730 | 21,730 | 24,873 |
| Number of people who use DED services and obtain employment | 90,158 | 94,814 | 103,545 |
| Number of people who use DED services to obtain a higher wage job | 62,229 | 79,347 | 94,835 |

Competitive Urban and Rural Communities

Missouri communities, both rural and urban, need assistance for redevelopment, housing, and community programs which benefit all ages. The Department of Economic Development administers several tax credit programs that provide communities assistance in improving their economic performance, enhancing quality of life, and sustaining economic growth. In Fiscal Year 2002, Missourians redeemed \$102 million tax credits for redevelopment projects, community development projects, and housing. In return for that investment, Missouri communities enjoyed an increase of \$670 million private investment in redevelopment and \$315 million in affordable housing. Additionally, the use of the credits created 12,978 jobs and assisted in the redevelopment and construction of 5,041 housing units.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
BUSINESS DIVISION**

FINANCIAL SUMMARY

| | FY 2002 EXPENDITURE | FY 2003 APPROPRIATION | GOVERNOR RECOMMENDS FY 2004 |
|--|------------------------|--------------------------|-----------------------------------|
| Business Division Programs | \$ 8,791,283 | \$ 12,814,975 | \$ 14,386,991 |
| Missouri Job Development Fund | 4,281,627 | 8,849,422 | 8,849,422 |
| Missouri Community College New Jobs Training | 10,708,511 | 16,000,000 | 16,000,000 |
| DIVISIONAL TOTAL | \$ 23,781,421 | \$ 37,664,397 | \$ 39,236,413 |
| PERSONAL SERVICE | | | |
| General Revenue Fund | 2,174,562 | 1,798,817 | 1,598,062 |
| Federal Funds | 78,264 | 212,117 | 212,332 |
| Department of Economic Development Administrative Fund | 21,780 | 87,269 | 87,336 |
| Missouri Job Development Fund | 252,571 | 325,888 | 326,557 |
| EXPENSE AND EQUIPMENT | | | |
| General Revenue Fund | 3,098,934 | 2,498,979 | 2,961,215 |
| Federal Funds | 644 | 6,974 | 6,974 |
| Department of Economic Development Administrative Fund | 0 | 25,600 | 25,600 |
| International Promotions Revolving Fund | 74,799 | 71,538 | 73,438 |
| Missouri Job Development Fund | 73,541 | 88,389 | 88,389 |
| PROGRAM SPECIFIC DISTRIBUTION | | | |
| General Revenue Fund | 7,097,215 | 11,745,364 | 13,054,948 |
| Federal Funds | 0 | 2,200,000 | 2,200,000 |
| Department of Economic Development Administrative Fund | 0 | 2,600,000 | 2,600,000 |
| Missouri Community College Job Training Program Fund | 10,708,511 | 16,000,000 | 16,000,000 |
| International Promotions Revolving Fund | 600 | 3,462 | 1,562 |
| Petroleum Violation Escrow Fund | 200,000 | 0 | 0 |
| TOTAL | \$ 23,781,421 | \$ 37,664,397 | \$ 39,236,413 |
| General Revenue Fund | 12,370,711 | 16,043,160 | 17,614,225 |
| Federal Funds | 78,908 | 2,419,091 | 2,419,306 |
| Department of Economic Development Administrative Fund | 21,780 | 2,712,869 | 2,712,936 |
| Missouri Community College Job Training Program Fund | 10,708,511 | 16,000,000 | 16,000,000 |
| International Promotions Revolving Fund | 75,399 | 75,000 | 75,000 |
| Missouri Job Development Fund | 326,112 | 414,277 | 414,946 |
| Petroleum Violation Escrow Fund | 200,000 | 0 | 0 |
| Full-time equivalent employees | 71.58 | 63.25 | 59.50 |

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS DIVISION (Continued)

BUSINESS DIVISION PROGRAMS

The Department of Economic Development continues to provide timely and useful services to Missouri businesses through the Business Division which offers the following programs:

Missouri Business Center –The Missouri Business Center provides information on the essential planning steps that should be taken before starting a business in Missouri, including how to develop a business and marketing plan and information on current regulations. The Office of Minority Business provides direct assistance to minority and women-owned businesses regarding business planning and resource opportunities.

Office of Business Finance – The Office of Business Finance provides information regarding tax credit programs and venture capital investment opportunities in order to help a Missouri small business increase private investment into their business. This office also assists with foreign investment opportunities.

Office of Science and Technology – The Office of Science and Technology coordinates the activities of the Innovation Centers and Missouri Enterprise programs which assist Missouri businesses in increasing efficiency, productivity and competitiveness.

Office of International Marketing – The Office of International Marketing (OIM) focuses on the development of international export sales of Missouri products and services and also foreign investment opportunities. OIM offers assistance through several foreign offices located in areas such as London, England; Tokyo, Japan; Monterrey, Mexico; and Ghana, Africa.

Business Attraction Section – The Business Attraction Section facilitates the identification and location of new companies to Missouri. Services may include presenting the state as a cost-effective and potentially profitable location for investment, working with local communities to offer a site or building to potential businesses, or providing other assistance to prospective companies.

Research and Development Program – Information is a valuable resource, particularly when attempting to attract and retain business in the state. The Research and Development Program provides a wide variety of research information, including trade publications, business directories, target industry research, business climates, wages by occupation, labor reports, etc.

Incentives Section –The Incentives Section administers the business financing and tax credit programs available to businesses as encouragement to locate or expand their business in Missouri.

Missouri Development Finance Board – The Missouri Development Finance Board administers a range of financing programs for Missouri businesses, local governments, and state agencies. The board issues industrial revenue bonds or notes, provides market rate or low-interest loans and grants to political subdivisions and public infrastructure improvements, and grants tax credits against certain state income taxes in exchange for contributions made to the board.

Fiscal Year 2004 Governor's Recommendations

- \$2,100,000 for a new Small Business Network, the Missouri Technology Corporation, a new Research Alliance Partnership, and Innovation Centers to ensure more technology access for Missouri businesses. This increase is funded by savings in the tax credit provisions.
- \$7,067 for pay plan, including \$6,116 general revenue.
- (\$535,051) and (3.75) staff in core reduction from the Fiscal Year 2003 appropriation level due to reorganization.

MISSOURI JOB DEVELOPMENT FUND

The Missouri job development fund allows the state to provide training to new and expanding businesses. Funding is also used to retrain employees of existing businesses to prevent plant shutdowns by both direct training and increasing ability to leverage federal funds.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.

MISSOURI COMMUNITY COLLEGE NEW JOBS TRAINING

Created by Sections 178.892-178.896, RSMo, the Missouri Community College New Jobs Training Program provides an incentive for the creation of new jobs by providing education and training of workers for new or expanding industries by community college districts.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT**

FINANCIAL SUMMARY

| | FY 2002 EXPENDITURE | FY 2003 APPROPRIATION | GOVERNOR RECOMMENDS FY 2004 |
|--|------------------------|--------------------------|-----------------------------------|
| Community Development Programs | \$ 40,726,994 | \$ 40,324,836 | \$ 42,345,272 |
| Rural Development Grants | 366,749 | 315,000 | 315,000 |
| Missouri Rural Opportunities Council | 72,983 | 115,362 | 0 |
| Missouri Arts Council | 4,521,786 | 5,396,079 | 953,547 |
| Arts Council - Transfer | 1,737,846 | 0 | 0 |
| Humanities Council - Transfer | 289,551 | 0 | 0 |
| Main Street Program - Transfer | 81,525 | 67,000 | 67,000 |
| DIVISIONAL TOTAL | \$ 47,797,434 | \$ 46,218,277 | \$ 43,680,819 |
| PERSONAL SERVICE | | | |
| General Revenue Fund | 1,579,233 | 1,312,346 | 972,148 |
| Federal Funds | 872,717 | 981,366 | 969,722 |
| EXPENSE AND EQUIPMENT | | | |
| General Revenue Fund | 582,253 | 881,603 | 228,569 |
| Federal Funds | 684,336 | 863,523 | 851,717 |
| PROGRAM SPECIFIC DISTRIBUTION | | | |
| General Revenue Fund | 7,826,077 | 7,194,404 | 5,580,628 |
| Federal Funds | 35,252,818 | 31,585,035 | 31,678,035 |
| Department of Economic Development Administrative Fund | 0 | 250,000 | 250,000 |
| Youth Opportunities and Violence Prevention Fund | 0 | 250,000 | 250,000 |
| Property Reuse Fund | 1,000,000 | 2,900,000 | 2,900,000 |
| TOTAL | \$ 47,797,434 | \$ 46,218,277 | \$ 43,680,819 |
| General Revenue Fund | 9,987,563 | 9,388,353 | 6,781,345 |
| Federal Funds | 36,809,871 | 33,429,924 | 33,499,474 |
| Department of Economic Development Administrative Fund | 0 | 250,000 | 250,000 |
| Youth Opportunities and Violence Prevention Fund | 0 | 250,000 | 250,000 |
| Property Reuse Fund | 1,000,000 | 2,900,000 | 2,900,000 |
| Full-time equivalent employees | 74.89 | 63.25 | 61.25 |

DEPARTMENT OF ECONOMIC DEVELOPMENT

COMMUNITY DEVELOPMENT (Continued)

The mission of the Community Development Group is to increase the capacity of communities and neighborhoods to utilize their resources to raise the economic performance of disadvantaged communities. Capacity is increased by encouraging communities to establish long-term community development programs, economic development programs, and public/private partnerships that improve, strengthen, and diversify local economies and communities. This capacity building entails leadership development, planning, volunteer development, alternative economic development activities, infrastructure improvement, youth development, and enabling local investments directly tied to the needs of the community for enhancing the quality of life and preparing communities for economic, sustainable growth.

COMMUNITY DEVELOPMENT PROGRAMS

Community development programs help communities expand their economic base and improve the quality of life. Grants are awarded to help revitalize communities. Tax credits are offered to help finance redevelopment costs. Youth crime prevention is promoted and regional offices assist all areas of the state.

Fiscal Year 2004 Governor's Recommendations

- \$1,397,388 for current state tax increment financing projects.
- \$714,210 federal funds and one staff for expansion of Americorp and Homeland Security initiatives.
- \$6,506 for pay plan, including \$4,553 general revenue.
- (\$97,668) core reduction from the Fiscal Year 2003 appropriation level.

RURAL DEVELOPMENT GRANTS

The Rural Development Program, which includes the Rural Development Council and rural development grants, provides technical assistance and grants to communities with populations below 15,000. The grants are for job creation and retention, business attraction, and resource recovery.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.

MISSOURI RURAL OPPORTUNITIES COUNCIL

The Missouri Rural Opportunities Council (MoROC) is one of numerous state rural development councils comprising the National Rural Development Partnership. Currently over 500 representatives of federal, state, local, and tribal governments, as well as the private for-profit and not-for-profit sectors, are brought together by MoROC. This neutral forum is designed to define and frame Missouri's rural issues, examine resulting barriers to rural development statewide, and collaborate in removing the impediments to an improved quality of life for all of rural Missouri. This program will be eliminated in Fiscal Year 2004 due to loss of federal funds.

Fiscal Year 2004 Governor's Recommendations

- (\$115,362) federal funds and (two) staff in core reduction from the Fiscal Year 2003 appropriation level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

COMMUNITY DEVELOPMENT (Continued)

MISSOURI ARTS COUNCIL

The Missouri Arts Council (MAC) provides administrative support for the state art agency. As both a funding agency and a comptroller, MAC staff is charged with reviewing funding requests, allocating state and federal funds appropriated for arts programs, monitoring the expenditures of those funds, and providing technical and professional assistance to grantees.

A number of state programs provided by the MAC stimulate and support the arts, including program assistance awards. Statewide programs sponsored by MAC are: Community Arts, Touring Folk Arts, Artist-in-Residence, Visual Arts and Writer's Biennials, public information, and special initiatives. The Community Arts Program awards grants to help local arts councils present arts programs in non-metropolitan areas. The Touring Folk Arts Program provides technical and financial assistance to local arts organizations for tour dates that they book with Missouri visual and performing artists and arts groups. The Artist-in-Residence Program provides short- and long-term residencies for Missouri artists or ensembles in Missouri's elementary schools. Public information services include newsletters, workshops, and directories of community arts councils and artists. The Visual Arts and Writer's Biennials are two-year programs that alternately support, then exhibit, the work of selected Missouri artists. Program assistance awards which provide seed money are made on a 50/50 matching basis to not-for-profit applicants throughout Missouri. Citizen advisory panels recommend the allocation basis for program assistance dollars for each of the discipline areas (dance, music, etc.). Special initiatives, targeted projects initiated by MAC itself, include the African-American Cultural Initiative, arts education programs for Missouri public schools, and statewide conferences.

Fiscal Year 2004 Governor's Recommendations

- \$749 federal funds for pay plan.
- (\$4,443,281) and (one) staff in core reduction from the Fiscal Year 2003 appropriation level, including (\$3,911,281) general revenue. The Missouri arts council trust fund, which does not appear in the Executive Budget, will be used to continue Arts Council operations.

ARTS COUNCIL TRANSFER

Section 143.183, RSMo, allows for the transfer of 60 percent of state income tax revenues for non-resident, professional athletes and entertainers to the Missouri arts council trust fund.

HUMANITIES COUNCIL TRANSFER

Section 143.183, RSMo, allows for the transfer of ten percent of state income tax revenues from non-resident, professional athletes and entertainers to the Missouri humanities council trust fund.

MAIN STREET PROGRAM TRANSFER

Sections 251.470-251.485, RSMo, allow for the general assembly to appropriate funds to the Missouri main street program fund.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
WORKFORCE DEVELOPMENT**

FINANCIAL SUMMARY

| | FY 2002 EXPENDITURE | FY 2003 APPROPRIATION | GOVERNOR RECOMMENDS FY 2004 |
|--|------------------------|--------------------------|-----------------------------------|
| Workforce Development Administration | \$ 17,945,797 | \$ 23,916,339 | \$ 24,568,483 |
| Workforce Programs | 61,054,742 | 77,450,000 | 99,807,398 |
| Women's Council | 97,904 | 149,475 | 125,759 |
| Caring Communities | 121,646 | 0 | 0 |
| Special Employment Security Fund | 19,340 | 216,000 | 216,000 |
| DIVISIONAL TOTAL | \$ 79,239,429 | \$ 101,731,814 | \$ 124,717,640 |
| PERSONAL SERVICE | | | |
| General Revenue Fund | 104,443 | 153,046 | 87,332 |
| Federal Funds | 14,568,421 | 19,355,460 | 19,806,545 |
| Child Support Enforcement Collections Fund | 0 | 0 | 178,881 |
| EXPENSE AND EQUIPMENT | | | |
| General Revenue Fund | 33,412 | 59,397 | 119,190 |
| Federal Funds | 4,720,814 | 6,445,845 | 7,225,313 |
| Child Support Enforcement Collections Fund | 0 | 0 | 18,955 |
| Special Employment Security Fund | 19,340 | 216,000 | 216,000 |
| PROGRAM SPECIFIC DISTRIBUTION | | | |
| General Revenue Fund | 67,044 | 0 | 1,919,981 |
| Federal Funds | 59,725,955 | 75,502,066 | 94,775,260 |
| Child Support Enforcement Collections Fund | 0 | 0 | 370,183 |
| TOTAL | \$ 79,239,429 | \$ 101,731,814 | \$ 124,717,640 |
| General Revenue Fund | 204,899 | 212,443 | 2,126,503 |
| Federal Funds | 79,015,190 | 101,303,371 | 121,807,118 |
| Child Support Enforcement Collections Fund | 0 | 0 | 568,019 |
| Special Employment Security Fund | 19,340 | 216,000 | 216,000 |
| Full-time equivalent employees | 453.37 | 609.22 | 606.72 |

DEPARTMENT OF ECONOMIC DEVELOPMENT

WORKFORCE DEVELOPMENT (Continued)

The Division of Workforce Development provides a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential through high quality programs. Missouri employers also benefit from a more competitive and better-trained workforce. The Job Service Program offers a network of services delivered in a customer-focused environment to help people find and retain employment. Services include provision of labor market information, career counseling, testing, and job readiness training. Job Service also assists employers in meeting their employment needs by referring qualified workers for job openings and providing information to help plan for future workforce needs.

WORKFORCE DEVELOPMENT ADMINISTRATION

Workforce Investment Act funds, along with federal Job Service Program funds, are administered by the Division of Workforce Development. These funds are targeted toward the economically disadvantaged, Temporary Assistance for Needy Families recipients, school dropouts, and dislocated workers.

Fiscal Year 2004 Governor's Recommendations

- \$114,994 for pay plan, including \$744 general revenue.
- \$600,118 federal and other funds transferred from the Department of Social Services.
- (\$62,968) and (1.5) staff in core reduction from the Fiscal Year 2003 appropriation level.

WORKFORCE PROGRAMS

The mission of the federal Workforce Investment Act Program is to serve Missourians by: providing training and employment opportunities; establishing a flexible, coordinated, and decentralized training system; and coordinating these programs with other employment and training-related programs. The employment and training programs offered on a statewide basis include: Workforce Investment Act programs, Trade Adjustment Assistance Program, North American Free Trade Agreement programs, Rapid Response Worker programs, and the Missouri Youth Service Conservation Corps. Individuals who meet eligibility requirements for the programs may access services to make them more competitive in the workforce. Historically, the Division of Workforce Development, along with local service delivery areas, have provided a full range of services authorized under the Workforce Investment Act which are designed to prepare individuals with barriers to employment for the workforce. Services include referral to job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation. The Missouri Training and Employment Council provides direction to the Division of Workforce Development on policies and procedures to ensure that local service delivery area programs comply with Workforce Investment Act financial and program requirements.

Fiscal Year 2004 Governor's Recommendations

- \$1,000,000 federal funds for increased demand related to the Trade Adjustment Act.
- \$21,061,436 transferred from the Department of Social Services, including \$2,000,000 general revenue.
- \$295,962 federal and other funds transferred from the Office of Administration for reinvestment of fringe savings due to staff reduction.

WOMEN'S COUNCIL

Through its meetings, staff support, and other activities, the Missouri Women's Council addresses the issues of expanding women's opportunities through education and training programs; occupational mobility in lower and middle employment levels; access to jobs with higher skill and managerial duties; small business opportunities; access to non-traditional skills through apprenticeships and vocational training; retraining programs and facilities for unemployed women, especially in growth sector; federal or private funds and grants available for such employment and training programs; and studies, seminars, and conferences on related topics. The council also prepares an annual state needs assessment to identify problem geographic areas; establishes long- and short-term goal statements; inventories current federal, state, local, and private programs relating to women's economic needs; and prepares plans to address those problem areas.

Fiscal Year 2004 Governor's Recommendations

- (\$23,716) and (one) staff in core reduction from the Fiscal Year 2003 appropriation level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

WORKFORCE DEVELOPMENT (Continued)

CARING COMMUNITIES PROGRAM

Caring Communities is an effort designed to deliver a wide array of human services in a locally-designed manner. Services such as employment, counseling, adult education, child care, health screening, mental health, and other family and child-oriented services are delivered in a school-based or school-linked setting in an effort to make services more responsive to family needs. The program was consolidated into the Department of Social Services in Fiscal Year 2003.

SPECIAL EMPLOYMENT SECURITY FUND

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.

DIVISION OF TOURISM

The Division of Tourism promotes Missouri's tourist attractions with direct media campaigns, vacation guides, and public relations efforts. The Division of Tourism also operates six tourism information centers at key entry points throughout the state and a seventh located in the Truman State Office Building in Jefferson City. Beginning in Fiscal Year 1995, the division has been funded with a portion of the growth in tax revenues on tourism-oriented goods and services.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.

AFFORDABLE HOUSING

The Missouri Housing Development Commission (MHDC) was established in 1969 by the 75th General Assembly to assist in the creation of housing for low- and moderate-income people of Missouri. Section 215.020, RSMo, states: "There is hereby created and established as a governmental instrumentality of the State of Missouri the "Missouri Housing Development Commission" which shall constitute a body corporate and public."

MHDC generates multi-family rental production through a variety of funding sources, including its own fund balances; the state's allocation of federal funds; its authority to issue tax-exempt and taxable bonds; and state and federal housing tax credits. MHDC also offers single-family programs for qualified first-time homebuyers, such as its Mortgage Revenue Bond Program which provides funds for mortgage loans at competitive interest rates and a Downpayment Assistance Program to assist in the purchase of a home. MHDC's Affordable Housing programs include Section 8 certificates and vouchers, federal tenant-based assistance, MHDC's Rental Assistance Program, as well as several other Rental Assistance programs in partnership with the Department of Mental Health.

DEPARTMENT OF ECONOMIC DEVELOPMENT

AFFORDABLE HOUSING (Continued)

The Manufactured Housing Department is housed within the Public Service Commission per Sections 700.010-700.115, RSMo. It annually registers manufacturers and dealers of manufactured homes and modular units; prescribes and enforces uniform construction standards for manufactured homes, modular units, and recreational vehicles manufactured and/or sold within the state; approves plans for modular units and recreational vehicles sold in the state; and enforces manufactured home tie-down requirements. There are 3,779 manufactured housing dealers and 13 modular unit dealers operating in Missouri.

Fiscal Year 2004 Governor's Recommendations

- \$14,076 other funds for pay plan.
- (\$41,064) other funds and (two) staff in core reduction from the Fiscal Year 2003 appropriation level.

FINANCIAL INSTITUTION SAFETY AND SOUNDNESS

Division of Credit Unions – The Division of Credit Unions is statutorily responsible for the examination, supervision, and regulation of all state-chartered credit unions to determine the financial condition and management practices of each credit union and to correct unsound practices or violation of law or regulation.

Division of Finance – The Division of Finance has regulatory oversight authority of activities involving state-chartered banks and trust companies. The division also is responsible for licensing and regulating small loan offices, motor vehicle offices, financial institution offices, companies engaged exclusively in second mortgage lending, premium finance companies, and companies selling money orders. Beginning in Fiscal Year 1995, the division took over the responsibilities of the former Division of Savings and Loan. The division now has regulatory oversight authority over savings and loan associations and registers mortgage loan brokers.

Fiscal Year 2004 Governor's Recommendations

- \$50,000 other funds for examination of a banking institution with a branch located in another state.
- \$18,267 other funds for pay plan.
- (\$50,000) other funds core reduction from the Fiscal Year 2003 appropriation level.
- (\$7,323) other funds for one-time expenditures.

MOTOR CARRIER AND RAILROAD SAFETY

The Division of Motor Carrier and Railroad Safety regulates the prices, routes, and services of motor carriers of household goods and passengers.

Fiscal Year 2004 Governor's Recommendations

- (\$3,958,647) federal and other funds and (72) staff transferred to the Missouri Department of Transportation.

DEPARTMENT OF ECONOMIC DEVELOPMENT

UTILITY REGULATION

Office of Public Counsel – The Office of the Public Counsel is involved in the legal, accounting, financial, and economic aspects of utility ratemaking and regulation. Lawyers and technical staff analyze utility rate increase requests to advocate consumer rights in testimony and cross-examination in hearings held before the Public Service Commission.

Public Service Commission – The Public Service Commission regulates the rates, finances, safety, and quality of service of private, investor-owned telephone, gas, electric, water and sewer utilities, and the safety of rural electric cooperatives and municipally-owned gas systems. The commission is divided into four sections: executive, administration, general counsel, and utility.

The executive section is responsible for certain legal and administrative activities supporting the commission's statutory responsibilities, including hearing cases and issuing reports and orders. In addition, policy planning and analysis functions are conducted by the executive section to promote more active participation in federal proceedings and to provide technical assistance to the commission.

The administration division is responsible for internal operational functions related to purchasing, monitoring expenditures, preparing annual assessments of regulated utility companies, personnel and staff services, and manufactured housing. The administration division also files all commission administrative rules with the Secretary of State, reports official hearings, files and distributes all commission orders, and inspects dealer lots and manufacturing facilities of mobile homes to ensure compliance with federal standards and state law.

The general counsel assists the commission through preparation and presentation of expert staff testimony and exhibits, cross-examination in administrative hearings held before the commission, and representation of the commission in court cases involving appeals. The general counsel represents the commission in all proceedings before the Federal Energy Regulatory Commission, the Federal Communications Commission, and the Nuclear Regulatory Commission. The general counsel also drafts rules and procedures of the commission and commission-sponsored legislation.

The utility section consists of two divisions: utility service and utility operations. The utility services section advises and testifies before the commission on rate cases, performs field compliance audits, performs financial analysis, and is responsible for accounting and handling consumer complaints. The utility operations section provides analyses on utility construction; operation; safety; capacity expansion; tariff review; and rate design for electric, gas, water and sewer, and telecommunications utilities.

Fiscal Year 2004 Governor's Recommendations

- \$26,192 for pay plan, including \$1,224 general revenue.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
PROFESSIONAL REGISTRATION**

FINANCIAL SUMMARY

| | FY 2002 EXPENDITURE | FY 2003 APPROPRIATION | GOVERNOR RECOMMENDS FY 2004 |
|---|------------------------|--------------------------|-----------------------------------|
| Administration | \$ 4,131,667 | \$ 5,465,368 | \$ 5,491,484 |
| State Board of Accountancy | 362,995 | 426,684 | 430,213 |
| State Board of Architects, Engineers, and Land Surveyors | 691,113 | 825,087 | 728,274 |
| State Board of Barber Examiners | 31,109 | 38,271 | 38,271 |
| State Board of Chiropractic Examiners | 113,724 | 151,052 | 151,052 |
| State Board of Cosmetology | 172,039 | 259,418 | 259,418 |
| Missouri Dental Board | 472,273 | 587,452 | 590,675 |
| State Board of Embalmers and Funeral Directors | 83,852 | 149,634 | 149,634 |
| State Board of Registration for the Healing Arts | 2,056,821 | 2,461,516 | 2,477,477 |
| State Board of Nursing | 1,557,132 | 1,812,988 | 1,825,054 |
| State Board of Optometry | 37,297 | 42,604 | 42,604 |
| State Board of Pharmacy | 802,869 | 814,467 | 1,218,560 |
| State Board of Podiatric Medicine | 9,820 | 21,681 | 21,681 |
| Missouri Real Estate Commission | 809,617 | 1,111,418 | 1,120,388 |
| Missouri Veterinary Medical Board | 82,608 | 111,096 | 111,096 |
| DIVISIONAL TOTAL | \$ 11,414,936 | \$ 14,278,736 | \$ 14,655,881 |
| PERSONAL SERVICE | | | |
| Board Funds | 4,001,546 | 4,705,475 | 4,757,730 |
| Professional Registration Fees Fund | 2,637,532 | 2,885,143 | 2,923,469 |
| EXPENSE AND EQUIPMENT | | | |
| Board Funds | 3,281,723 | 4,107,893 | 4,406,667 |
| Professional Registration Fees Fund | 1,431,873 | 2,545,225 | 2,533,015 |
| PROGRAM SPECIFIC DISTRIBUTION | | | |
| Board Funds | | | |
| Professional Registration Fees Fund | 62,262 | 35,000 | 35,000 |
| TOTAL | \$ 11,414,936 | \$ 14,278,736 | \$ 14,655,881 |
| Board Funds | 7,283,269 | 8,813,368 | 9,164,397 |
| Professional Registration Fees Fund | 4,131,667 | 5,465,368 | 5,491,484 |
| Full-time equivalent employees | 226.14 | 229.60 | 229.60 |

The Division of Professional Registration provides support services to 32 licensing agencies through various boards, commissions, committees, offices, and councils. Each conducts professional examinations, licenses qualified individuals, promotes legislation, publishes rules and regulations, and investigates complaints of misconduct of licensed members.

Fiscal Year 2004 Governor's Recommendations

ADMINISTRATION

- \$38,326 other funds for pay plan.
- (\$12,210) other funds for one-time expenditures.

STATE BOARD OF ACCOUNTANCY

- \$3,529 other funds for pay plan.

DEPARTMENT OF ECONOMIC DEVELOPMENT

PROFESSIONAL REGISTRATION (Continued)

STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, AND LAND SURVEYORS

- \$4,977 other funds for pay plan.
- (\$93,985) other funds core reduction from the Fiscal Year 2003 appropriation level.
- (\$7,805) other funds for one-time expenditures.

STATE BOARD OF BARBER EXAMINERS

Continue funding at the current level.

STATE BOARD OF CHIROPRACTIC EXAMINERS

Continue funding at the current level.

STATE BOARD OF COSMETOLOGY

Continue funding at the current level.

MISSOURI DENTAL BOARD

- \$3,223 other funds for pay plan.

STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS

Continue funding at the current level.

STATE BOARD OF REGISTRATION FOR THE HEALING ARTS

- \$15,961 other funds for pay plan.

STATE BOARD OF NURSING

- \$12,066 other funds for pay plan.

STATE BOARD OF OPTOMETRY

Continue funding at the current level.

STATE BOARD OF PHARMACY

- \$420,068 other funds for testing of pharmaceutical products, investigating entities that offer drugs via the Internet, and contracting for legal counsel and inspection services.
- \$3,529 other funds for pay plan.
- (\$19,504) other funds for one-time expenditures.

STATE BOARD OF PODIATRIC MEDICINE

Continue funding at the current level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

PROFESSIONAL REGISTRATION (Continued)

MISSOURI REAL ESTATE COMMISSION

- \$8,970 other funds for pay plan.

MISSOURI VETERINARY MEDICAL BOARD

Continue funding at the current level.

ADMINISTRATIVE SERVICES

Administrative Services coordinates the common activities of encouraging economic development. It also protects and promotes the interests of Missouri citizens, provides support services to the agencies, and monitors fund accountability and program activities.

Fiscal Year 2004 Governor's Recommendations

- \$594,248 and five staff for the Department of Economic Development Regional Focus and Tax Credit Accountability Program, funded by savings from tax credit revisions.
- \$25,030 for pay plan, including \$6,171 general revenue.
- \$251,010 federal funds and three staff transferred from the Department of Elementary and Secondary Education.
- \$1,800 transferred from the statewide leasing budget.
- (\$219,529) and (six) staff in core reduction from the Fiscal Year 2003 appropriation level, including (\$154,261) general revenue.